

Gold rises to two-week high amid Trump concerns

Written by Logan Drilling Group

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Gold hit a two-week high on Wednesday as Asian stocks slipped and the dollar fell amid political uncertainty after a source said US President **Donald Trump** asked the FBI to end a probe into his former security adviser.

Spot gold climbed 0.6% to \$1 243.31/oz by 07:46 GMT, after earlier touching its strongest since May 3 at \$1 244.70. Gold has risen for five days straight.

US gold futures were up 0.6% at \$1 243.50/oz.

Trump asked his now-dismissed Federal Bureau of Investigation (FBI) Director **James Comey** to end a probe into ties between former national security adviser

Michael Flynn

and Russia, according to a source who has seen a memo written by Comey. The memo raises questions about whether Trump tried to interfere with a federal investigation. The White House denied the report.

"An inherently weaker dollar was seen because of the Trump rhetoric," said analyst **Barnabas Gan** at OCBC. "Safe-haven demand because of Trump and geopolitical tensions, especially arising out of North Korea's missile test, is lifting gold prices."

"People could be looking for a short-term support at \$1 240 levels," he added.

Distractions at the White House lower the chances of the administration enacting a legislation that is important to markets, namely tax and regulatory relief as well as infrastructure spending, said INTL FC Stone analyst **Edward Meir**.

"A lack of progress on these issues should theoretically contribute to the Fed holding a more dovish course for longer, hurting the dollar and possibly equities in the longer term, but likely proving beneficial for gold," he said.

The Fed is still likely to raise interest rates next month, with futures traders pricing in a 74% chance of a hike.

Spot gold faces a resistance at \$1 245/oz and may temporarily hover below this level or retrace to a support at \$1 237.26 before retesting this barrier, according to Reuters technical analyst **Wang Tao**.

The dollar index, a measure of the greenback against a basket of six major currencies,

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touched its lowest since Nov. 9 and last stood at 98.112.

The dollar has taken a hit from solid eurozone economic data, a fall in US yields on heightened turmoil in Washington and downbeat housing data.

MSCI's broadest index of Asia-Pacific shares outside Japan was down 0.5%.

Among other precious metals, silver marked its highest since May 2 and was up 0.3% at \$16.87/oz.

Platinum earlier touched its highest since May 1 but was dipped 0.1% at \$936.74/oz. Palladium slipped 0.3% to \$791.50.

Written by: Reuters

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